

Wetherby REPORTS

Shareholders of publicly traded companies have a powerful opportunity to represent material interests to corporate management. Over the past year, Wetherby has continued to enhance our offering and support clients in shareholder initiatives that address critical social and environmental challenges. We believe such engagement has helped to promote change in business practices that reduce risk and potentially strengthen long-term value.

Wetherby's offering targets a crucial step in corporate dialogue: submitting shareholder resolutions for action at a company's annual meeting. With as little as \$2,000 worth of shares, held at least a year prior to and up to the company's annual meeting, investors can support positive change in corporate practices.

Our firm connects interested clients with the efforts of As You Sow, a leader in shareholder advocacy. As You Sow's expert team identifies opportunities for corporate improvement and launches strategic engagement campaigns. Should As You Sow choose to draft a shareholder resolution, they seek shareholders – like our clients – to authorize them to file on the client's behalf.

OUR 2017 TOPICS AND THEMES

For the 2017 annual meeting season, Wetherby clients authorized As You Sow to file and co-file 21 shareholder resolutions with 17 companies focused on diverse issues:

- **Antibiotics & Factory Farms:** Overuse and misuse of antibiotics in the meat industry is contributing to the rise of antibiotic-resistance globally; antibiotic-resistant infections cause over two million illnesses and 23,000 deaths each year in the US, costing \$55-70 billion.
- **Carbon Asset Risk/Transition:** Climate change is a material issue and whether companies are proactive or reactive affects shareholder value.
- **Consumer Packaging:** Packaging and paper comprise nearly half of the US solid waste stream. Companies should take responsibility for post-consumer packaging waste, which will conserve natural resources, reduce energy use and greenhouse gas emissions and slow the toxic loading of oceans with packaging debris.

- **Genetically Modified Organisms (GMOs):** Companies may be exposed to material financial risk from environmental, food security and public health issues associated with the genetic modification or engineering of plants and animals.
- **Hydraulic Fracturing:** Fracking is a controversial method of drilling for natural gas that raises key risks, including use of toxic chemicals, water consumption and water quality, waste management, air emissions, methane leakage and negative community impacts.
- **Nanomaterials:** Nanotechnology in the food industry has raised significant concerns due to the lack of studies on the effects nanomaterials have on health and the environment.
- **Pharmaceutical Waste:** Research shows improper disposal of prescription drugs can exacerbate issues like drug abuse and water pollution.
- **Utilities/Coal:** Coal-fired utilities face growing financial, environmental and health risks associated with burning coal.

Figure 1: Percent of individual Wetherby resolutions in support of various ESG themes

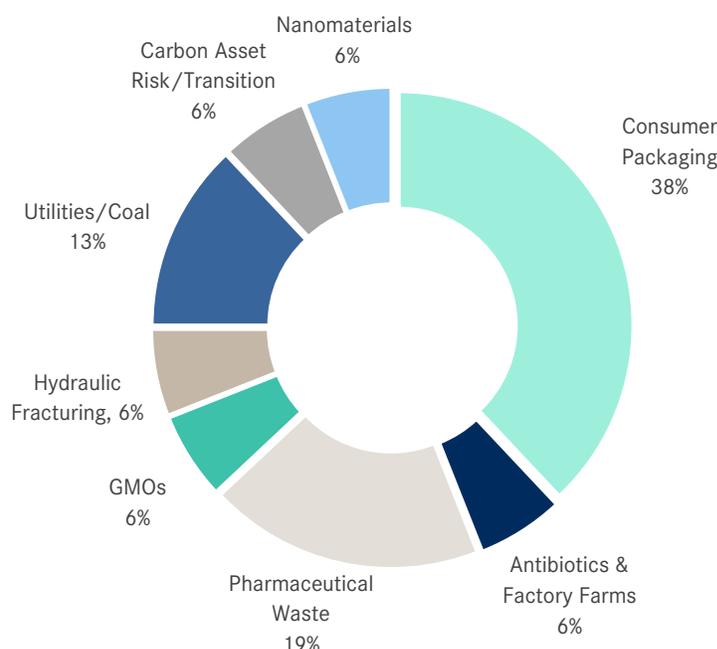


Table 1: Resolutions and outcomes of 2017

	Initiative	Company	Clients	Resolution Request	Outcome
SUCCESSFULLY WITHDRAWN	Carbon Asset Risk	Southern Company	2	Report on risks from stranded assets related to climate change and associated coal demand reductions	Withdrawn; Agreed to report on distributed energy resources, grid modernization, energy efficiency, data analytics, and coal reduction
	Consumer Packaging	Amazon	2	Report on the environmental impacts of foam packing materials; quantify extent of environmental impact; and assess risk of adverse health effects to marine animals and humans	Withdrawn; Agreed to meet with investors and experts to discuss options for safe and recyclable packaging materials
	Hydraulic Fracturing	Whiting Petroleum	1	Report on risks of hydraulic fracturing operations and policies and practices to minimize adverse environmental and community impacts	Withdrawn; Agreed to disclose the impacts of its hydraulic fracturing operations and how it manages risks
	Utilities/Coal	Sempra Energy	1	Report on enterprise-wide policies for assessing, monitoring and reducing methane emissions; describe climate change risk from methane emissions; and discuss the feasibility of setting quantitative methane emission reduction targets across operations	Withdrawn; Agreed to report annually on methane leaks and plans for addressing leaks
		WGL Holdings	1	Report on risks posed by methane leaks in natural gas infrastructure; estimate the likely cost of climate change related regulation of methane leaks; estimate the likelihood, brand damage and cost of potential catastrophic explosions	Withdrawn; Agreed to increase reporting of methane leaks and evaluate the use of advanced technology for methane detection
BROUGHT TO VOTE	Antibiotics & Factory Farms	McDonald's	1	Extend policy to limit the non-therapeutic use of medically-important antibiotics for all livestock in global supply chain	Supported by 30% of shares (~\$30BN); builds on 2016 vote of 26%
	Carbon Asset Transition	Chevron	1	Develop a business plan for the future low-carbon economy	Supported by 28% of shares (~\$40BN)
	Consumer Packaging	Kraft Heinz	2	Report on the environmental impacts of non-recyclable brand packaging	Supported by 13% of shares (~\$12BN)
		The Kroger Company	1	Report on the environmental impacts of non-recyclable brand packaging	Supported by 24% of shares (~\$5BN)
		Mondelez International	1	Report on the environmental impacts of non-recyclable brand packaging	Supported by 28% of shares (~\$13BN)
GMOs	Monsanto	1	Disclose all payments used for lobbying; policy and procedures governing political lobbying; and all payments to organizations that write and endorse model legislation	Supported by 28% of shares; builds on 2016 vote of 21%	
OMITTED	Pharmaceutical Waste	AbbVie	1	Report on existing policies for safe disposition of prescription drugs; set forth policy options for a proactive response including take back programs	SEC sided with AbbVie; As You Sow will work to educate the SEC and other investors about risks from pharma waste
		Pfizer Inc.	1	Report on existing policies for safe disposition of prescription drugs; set forth policy options for a proactive response including take back programs	SEC sided with Pfizer; As You Sow will work to educate the SEC and other investors about risks from pharma waste
CANCELLED	Consumer Packaging	Dr. Pepper Snapple	1	Adopt a comprehensive recycling strategy for plastic, glass and metal beverage containers	Published a much weaker recycling goal than industry leaders in 2016; As You Sow decided to continue their engagement without a resolution in 2017
		Wal-Mart Stores	2	Adopt extended producer responsibility policies to help minimize waste from consumer packaging	Has recently made strong steps on recycling and sustainability in related areas; As You Sow decided to prioritize resolutions with other companies
	Nanomaterials	Mead Johnson	1	Report on the potential health hazards of nanomaterials; identify types of products or packaging that currently contain nanoparticles; and state actions taken to reduce or eliminate potential risks	Acquired by British firm Reckitt Benckiser; As You Sow will continue to reach out to Mead Johnson and parent firm to discuss the issue
	Pharmaceutical Waste	Merck & Co.	1	Report on existing policies for safe disposition of prescription drugs; set forth policy options for a proactive response including take back programs	Drug take back work has gained greater support from opioid medication producers; As You Sow decided to prioritize engagements with other pharma companies as Merck does not produce opioids

OUR 2017 RESOLUTION OUTCOMES

31%

Resolutions Successfully Withdrawn: Not all proposed resolutions are ultimately included in the proxy materials for an annual meeting. Oftentimes, companies are motivated to satisfy a resolution in advance of the proxy vote, based upon the merit of the proposal and the company's desire to avoid public exposure of poor practices. Following such cases of successful dialogue and agreement, shareholder activists like As You Sow may choose to withdraw the resolution from consideration at the annual meeting.

31%

Resolutions Brought to a Vote: Results of a shareholder vote are publicly reported and calculated as "votes for", divided by the total votes cast for and against the proposal; abstained votes are not counted. Typically, outcomes around or over 10% send a clear signal of shareholder support to a management team, but the actual results can vary case-by-case as even limited voter support can still lead to corporate adoption of thoughtful proposals.

13%

Omitted Resolutions: Some companies may also challenge a proposal based on SEC standards in an effort to disqualify it from inclusion in the proxy materials. If, upon review, the SEC finds that a resolution is inappropriate - e.g., if the issue is considered a part of a company's "ordinary business" - it can issue a "no action letter" in which it will not take legal action against a company for omitting the resolution from its proxy statement.

25%

Cancelled Resolutions: Sophisticated shareholder engagement programs maintain a continuous and constructive dialogue to reach consensus between investors and management on their shared interest of improving the long-term financial performance of the company. As such, As You Sow will, at times, cancel planned resolution filings in favor of

continued engagement or high priority engagements with other companies.

LOOKING FORWARD

As part of our efforts to continue to push the field of impact investing forward, we launched our latest Wetherby Industry Brief in May which details opportunities for individual investors and financial advisors to participate in shareholder engagement activities. The brief offers a short overview of shareholder engagement, describes how we have enhanced our offering to include various social and environmental initiatives and highlights various initiatives supported by our clients in 2016. To accompany the brief, we also hosted several webinar presentations along with As You Sow to offer our collective insights and experience as a case study for how financial advisors can develop shareholder engagement programs and support clients in using their shareholder voice to drive positive change. You can find a copy of the brief [on our website](#) under "News & Commentary."

As we look ahead at the 2018 annual meeting season, we hope to expand the shareholder resolution opportunities available to Wetherby clients. As we expand our thematic and individual company reach, we improve our clients' ability to select a custom approach based on their existing investment positions and personal values. We look forward to enabling our clients to derive more value - intangible and tangible - from their wealth.

Interested in getting involved? Please let your Wetherby team know if you would like to learn more about shareholder engagement opportunities.

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